



Norman H. Bangerter
Governor
Dee C. Hansen
Executive Director
Dianne R. Nielson, Ph.D.
Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

October 25, 1990

TO: Wayne Hedberg, Permit Supervisor

FROM: Holland Shepherd, Reclamation Specialist HWS

RE: Evaluation Geneva Steel Request to Transfer CF&I's Comstock Property, M/021/005, Iron County, Utah

Pursuant to your request for information regarding CF&I's reclamation commitments on the Comstock Property, I would like to provide the following information:

1. In the operator's MRP, submitted June 27, 1977, page 1, under Soil, the operator states that it will be impractical to salvage topsoil from pre-dump areas; however, wherever it is practical to salvage topsoil, it will be done.
2. In the operator's June 27, 1977 MRP document, page 5, under Grading and Regrading, the operator states that dump slopes will be reclaimed at angle of repose.
3. In a Division Executive Summary document to the Board of Oil, Gas and Mining, dated September 18, 1980, it is stated that the Division is in concurrence with the operator's proposal not to salvage and to construct the dumps as in the same manner as past practices (i.e., angle of repose).
4. The Board approved of the Division's tentative approval of the operator's MRP on April 24, 1980.
5. Maps found in the file dated June 27, 1977, indicate the same extent on dump disturbance as that sent by Geneva Steel (received 10/18/90). I presume that the Division looked at these when the original approval was made.

6. Tony has provided us with a new surety estimate, which you will find attached to this memo. Notice the amount covers 26~~8~~ acres of disturbance. The original April 11, 1980 bond estimate also covered 26~~8~~ acres. Oddly, the original NOI indicated that there would be 538 acres of disturbance over the life of the mine, as did the Division's memo to the Board on April 18, 1980.

Based on the operator's last annual report the disturbed acreage at the site is at 265. I would question the accuracy of this value, based on 10 years of time passage between now and the original permit approval date. I would recommend that we obtain an accurate figure for this disturbance; also, that we bond for predicted disturbance, which should have been done in the original approval. This would require that the operator provide us with an accurate update to the plan, before we would be able to come up with a valid figure for the surety.

Because of the concern with impacting what presently remains in the path of the expanding waste dump, a dense Pinyon-Juniper vegetation community, without topsoil salvaging; I recommend the Division require/request the operator to revise this portion of the plan. Also, I recommend that the portion of the plan stating that dump slopes be left at angle of repose be removed and changed to something more likely to support vegetation like 2.5:1 - 3:1 slopes.

Information in the file implies that the operator convinced Division personnel, at the time of original plan approval, that no topsoil values existed in this area. I find this hard to believe, given the nature of the vegetation which presently exists there. I suggest we advise the operator of our concerns and schedule a trip as soon as possible to the area to support a plan revision or support the Division's original finding. This should be done before the operator makes further progress on the extension of these dumps.

jb
Attachment
MNM021005.1

SURETY ESTIMATE UPDATE

CF&I Steel Corporation

Comstock Mine M/021/005

Iron County, Utah

October 24, 1990

Prepared by Utah Division of Oil, Gas & Mining

Description:

- Properties Owned by CF&I Mined by Geneva Steel Under a Lease
- Includes Comstock, Blowout and Duncan Areas
- Original Reclamation Bond Estimate in 1980 for \$588,951 & 260 Acres
- Last Annual Report Listed Remaining Disturbed Area at 265 Acres

<u>CALCULATIONS</u>	<u>YR</u>	<u>ESCAL FACTOR</u>	<u>BOND AMOUNT</u>
-Year Surety Was Posted-	1980	(i)	\$588,951
$F = P(1 + i)^n$	1981	0.0991	\$647,316
	1982	0.0940	\$708,164
	1983	0.0104	\$715,529
	1984	0.0092	\$722,112
	1985	0.0290	\$743,053
	1986	0.0210	\$758,657
	1987	0.0195	\$773,451
	1988	0.0181	\$787,450
	1989	0.0177	\$801,388
Three Yr Average = 1.84%	1990	0.0184	\$816,134
Used to Project 5 Yrs	1991	0.0184	\$831,150
Into the Future	1992	0.0184	\$846,444
From the Year 1990	1993	0.0184	\$862,018
	1994	0.0184	\$877,879
	1995	0.0184	\$894,032

Updated Surety Amount Rounded (1995 \$) \$894,000

INCREASE FROM ORIGINAL 1980 BOND AMOUNT = \$305,049

$\frac{\$305,049}{260 \text{ ACRES}} \Rightarrow \$1,173.27/\text{ACRE}$